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National
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Assessment
Center

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Handwritten signature: D. M. Rumsfeld

Egypt: Sadat, Israel, and the US

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An Intelligence Memorandum

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July 1981

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**Egypt: Sadat, Israel,
and the US**

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Summary

President Sadat is anxious to achieve major progress in the stalled autonomy negotiations now that Israel has held elections to form a new government. He expects the United States to play a major role in pressing Israel for significant concessions that will entice moderate Palestinians and Arab states to join the peace talks. He believes another Camp-David-style summit is essential to achieve a breakthrough in the talks. Egyptian officials are worried, however, that any Israeli Government will be too weak to negotiate effectively and that it will be forced to hold a new election soon.

Sadat wants rapid progress because he fears that his radical Arab critics will exploit next year's Organization of African Unity and Non-Aligned Movement summits—held in Libya and Iraq, respectively—to further isolate Egypt. He also is worried that the Soviets will exploit the stalemated peace talks to strengthen their influence in the region.

Popular support in Egypt for the peace process has been significantly undermined by the Israeli air attack on Iraq's nuclear facility and Israel's attacks on Lebanon. Additional Arab-Israeli military clashes could reduce Sadat's negotiating room still further. Rapid movement in the negotiations, therefore, is important to Sadat.

Egypt is prepared to be flexible in the autonomy talks. It may propose implementing an agreement in the Gaza Strip first, an area where Cairo retains significant influence. If no agreement is negotiated before the Israeli withdrawal from eastern Sinai next April, however, Sadat will search for a dramatic way to break the impasse. He could halt the normalization process or even downgrade diplomatic relations with Tel Aviv in order to increase the pressure on Israel and the United States and end Egypt's isolation in the Arab world.

This memorandum was written by [redacted] Egypt-North Africa Branch, Near East-South Asia Division, Office of Political Analysis. It has been coordinated with the Directorate of Operations and the National Intelligence Officer for Near East-South Asia. Information as of 20 July 1981 was used in its preparation. Comments and queries are welcome and may be addressed to the Chief, Near East-South Asia Division, OPA, [redacted]

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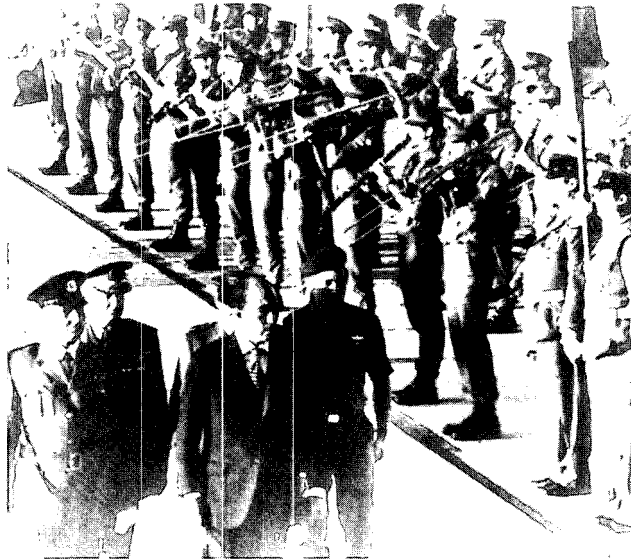
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*Sadat during his first visit to
Jerusalem in November 1977.*



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**Egypt: Sadat, Israel,
and the US**

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President Sadat hopes his talks in Washington in early August will set the stage for major progress in the stalled negotiations on autonomy for the Israeli-occupied West Bank and Gaza Strip. In recent weeks Sadat has reiterated his hope for an agreement on autonomy this year or by next April when Israel is scheduled to complete its withdrawal from eastern Sinai Peninsula. His objective is an agreement that grants the Palestinians enough rights and political power to attract moderate Palestinians and other Arabs into the peace process.

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The Egyptians want an early breakthrough because two of Cairo's strongest Arab critics will be host to summit meetings of Third World states in 1982. The Organization of African Unity summit will be held in Libya in June 1982, and the Non-Aligned Movement summit will be held in Iraq in September. Egyptian officials worry that sanctions against Egypt will be adopted at these meetings unless Sadat can demonstrate progress on the Palestinian issue. Sadat also believes that the Soviets will exploit a continued stalemate in the peace process to improve their position in the Middle East at the expense of Egypt and other moderate Arabs.

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Finally, Sadat has a strong emotional commitment to completing the peace process he began by his dramatic visit to Jerusalem in 1977. He wants to vindicate the Camp David agreements and prove his Arab critics wrong. Negotiating progress would significantly strengthen Sadat's position at home as well.

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**Impact of Israeli
Elections**

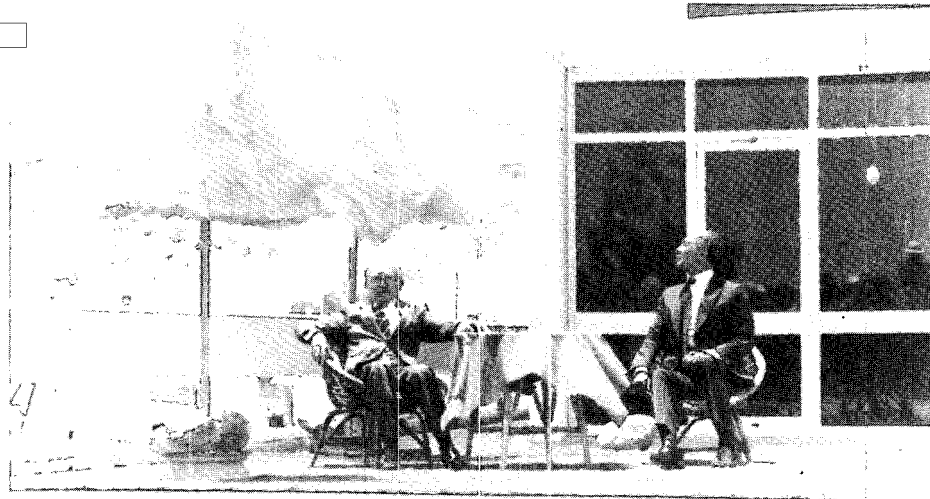
The Egyptians had hoped that Labor Party leader Peres would win the elections on 30 June and form a government that would be more flexible on the Palestinian issue. Sadat concluded in early May that a Begin victory was likely, however, and met with the Israeli leader on 4 June to discuss future steps in the peace talks. Israel's attack on Iraq's nuclear research center three days later stunned Sadat and reinforced Sadat's deep personal dislike of Begin.

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Nonetheless, Sadat has agreed to meet with Begin again in Egypt this summer, and Sadat expects Begin to lead Israel's next government. Sadat is worried that the coalition government Begin is likely to lead will be too weak

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Begin and Sadat in Sinai in June 1981.



Liaison ©

to make significant concessions in the talks and may not long survive. Another Israeli election campaign—a possibility, given the narrowness of Begin's parliamentary majority—would lead to further delays in the peace talks.

Cairo is also worried that Begin's dependence on hardline coalition partners—particularly the hawkish National Religious Party—will further stiffen Israel's negotiating position. The hardliners' support increased Jewish settlement activity in the West Bank and Gaza that Egyptians believe will create new obstacles in the peace talks. Begin's Likud bloc and the NRP oppose restrictions on Israeli settlement activity in the occupied territories and believe the West Bank and Gaza should never be returned to Arab sovereignty.

Israeli Attack Alarms Egyptians

The Israeli air attack on Iraq has significantly undermined popular support in Egypt for the peace process. The raid revived long-suppressed doubts about Israel's reliability as a negotiating partner. The Egyptian press has lashed out against Begin. Many Egyptians charge that Sadat has been too friendly toward Israel. The timing of the attack, shortly after his meeting with Begin, was a blow to Sadat's credibility.

Sadat's domestic critics, including the popular Muslim Brotherhood fundamentalists and various small leftist groups, have seized on the raid to attack Sadat's peace policy. They have also increased their criticism of

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Sadat's close ties to the United States, especially his offer to permit US use of Egyptian military facilities to defend the Persian Gulf from Soviet aggression. These groups do not threaten Sadat's hold on power, but they serve to rally opposition to the President. [REDACTED]

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Sadat reacted to the popular outcry by slowing the process of normalizing relations with Israel. Ratification of a cultural cooperation agreement has been postponed indefinitely in the People's Assembly, and several low-level trade meetings have been canceled. [REDACTED]

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The unprecedented popular reaction to the airstrike could lead to significant limitations on Sadat's negotiating flexibility, especially if the airstrike is followed by additional Israeli military actions against other Arab states. An attack on the Syrian surface-to-air missiles in Lebanon or a major invasion of Lebanon, would further undermine support for the peace process in Egypt. At worst, deepened unhappiness with the negotiations could combine with Egypt's economic problems and other controversial issues to threaten domestic stability. [REDACTED]

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The intense Israeli airstrikes against Palestinian targets in Lebanon in mid-July further damaged Egyptian support for the peace process. Egyptian officials have condemned the raids and offered to send doctors and medical supplies to Lebanon to assist the Palestinians. [REDACTED]

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Sadat's Views on Autonomy

Sadat's goal in the autonomy talks is an agreement that gives the Palestinians enough concessions to attract Palestinian moderates and eventually Jordan to join the peace talks. He wants an agreement that he can sell to Saudi Arabia and other wealthy Arab states. In his view such an agreement must create a self-governing authority in the West Bank and Gaza that has substantial control over land and water rights, some legislative powers, and a role in governing the Arab-inhabited parts of Jerusalem. He also wants a substantial reduction in the Israeli military presence in the occupied territories and sharply curtailed settlement activity. [REDACTED]

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Sadat does not want a fully independent Palestinian state in the West Bank. He fears such a state would be pro-Soviet and a threat to regional stability. Sadat has long supported linking the West Bank and Gaza to Jordan. He does not favor the so-called Jordanian option, however, because he fears that bringing Jordan into the peace talks now would only complicate the negotiations. Moreover, he worries that Jordanian King Hussein is not ready to make the concessions necessary to negotiate with Israel. [REDACTED]

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Aware of the Israelis' ideological and security reasons for holding on to the West Bank, Cairo has long favored using the relatively small and less controversial Gaza Strip as a test case for the autonomy negotiations.

[redacted]
[redacted] Sadat may
propose a Gaza-first option in his talks with President Reagan. [redacted]
[redacted]

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Sadat believes that the United States must play a major role in the autonomy talks and press Israel to make concessions that would entice Palestinian participation and win Arab acceptance. Sadat still hopes that the United States will convene another Camp-David-style summit meeting late this year or early in 1982 to conclude the autonomy talks. [redacted]

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The Gaza-First Option

Egypt first proposed the Gaza Strip option in November 1978, arguing that autonomy be implemented in Gaza before the West Bank. Egypt retains significant influence in the area, which it occupied from 1948 to 1967. Most Gazan students study in Egyptian universities (9,000 in 1978). Israel agreed in 1980 to allow Egyptian officials to supervise high school matriculation examinations in Gaza, and Cairo is setting up a television station in El Arish to broadcast to Gaza. Egyptian diplomats in Jordan meet frequently with Gaza Mayor Shawwa to keep informed about developments in the area. [redacted]

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The Gaza Strip contains 400,000 Palestinians in an area of only 145 square miles. Over 80 percent of the Palestinians are refugees from the 1948 war, and most still live in refugee camps. Many work in Israel, and per capita annual income is \$700. The 71-year-old Shawwa is the most influential political leader in the Strip. He backs the Palestinian Liberation Organization, which has strong support among the refugee population. [redacted]

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Gaza does not have the religious and emotional importance for Israelis that the West Bank does, but there are eight Jewish settlements in the Strip and Tel Aviv believes the area is important for security reasons. Begin supports the Gaza-first option only if agreement in principle is reached on an overall autonomy scheme applicable to Gaza and the West Bank. [redacted]

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Outlook

Sadat expects prolonged and difficult negotiations in the months ahead, but he apparently hopes that an agreement can be reached. He is ready to try new approaches to secure an agreement. He will offer to revive and speed up the normalization process to entice Israeli concessions in the talks. He may also be somewhat more willing to grant the United States military facilities and privileges in Egypt in return for US pressure on Israel, although he will be careful not to link the two issues directly. [REDACTED]

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Above all, Sadat will attempt to avoid actions that might jeopardize the Israeli withdrawal from eastern Sinai in April 1982. Egypt, for example, will avoid involvement in any Israeli-Syrian clash in Lebanon. Cairo is convinced that Israeli hardliners who oppose returning the Sinai will seize any excuse to rally domestic pressure on Begin not to relinquish Israeli control. The Egyptians are working hard to line up participants in the international force that will monitor the peace treaty after April. [REDACTED]

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At the same time, Egypt will continue efforts to broaden ties to the other Arabs. Sadat hopes his well-publicized arms sales to Iraq and his quiet contacts with Jordan, Morocco, and Saudi Arabia can be expanded into full diplomatic relations. This hope is probably unrealistic so long as the autonomy talks fail to make meaningful progress. [REDACTED]

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If there is no progress in the negotiations by next April and no prospects for a breakthrough, Sadat will search for ways to alter the peace process. He will probably look for a dramatic move to break the impasse. Sadat will not renounce the peace treaty, but once the Sinai is returned he may be willing to abandon the normalization process and perhaps even downgrade diplomatic relations with Israel in order to create new pressures for a settlement and end his isolation in the Arab world. Sadat also will probably be more supportive of other efforts to secure a comprehensive peace agreement. [REDACTED]

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